



*Wade Kapszukiewicz, Chair*

April 30, 2012

Auditor of State  
P.O. Box 1140  
Columbus, OH 43216-1140  
Attn: Local Government Services Division

To Whom It May Concern:

In accordance with Revised Code 1724.05, I am certifying to my best knowledge and belief the attached annual financial report of the Lucas County Land Reutilization Corporation for the fiscal year ending December 31, 2011.

Pursuant to statute, the attached financial report shall also be published on the corporation's website as of this date.

Sincerely,

A handwritten signature in cursive script that reads "Lila Shousher".

Lila Shousher  
Treasurer  
Lucas County Land Reutilization Corporation

**LUCAS COUNTY LAND REUTILIZATION CORPORATION**  
**LUCAS COUNTY, OHIO**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

*See Independent Auditors' Report*

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OPINION (STATE AUDITORS)

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

The management's discussion and analysis of the Lucas County Land Reutilization Corporation's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2011. The Corporation began operations on August 31, 2010. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

### **Financial Highlights**

Key financial highlights for 2011 are as follows:

- The Corporation is focused on returning property to productive use, returning property to the tax duplicate and accelerating economic or housing activity in Lucas County communities. The Corporation works cooperatively with cities, other units of government and individual property owners to acquire troubled real estate and return it to productive use.
- The Corporation received approximately \$1.6 million from Lucas County under an arrangement to receive 5% of delinquent taxes collected.
- The Corporation acquired 150 properties and disposed of 55 in 2011.

### **Overview of the Financial Statements**

This annual report consists of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Corporation's financial activities. The statements then proceed to provide a detailed look at our specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Corporation, presenting both an aggregate view of the Corporation's finances and a longer-term view of those assets. The Statement of Activities shows changes to net assets related to each department of the Corporation. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **Reporting the Corporation's Financial Activities**

#### *Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets and Statement of Activities include all assets and liabilities using the *accrual basis of accounting* similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

These two statements report the Corporation's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished. However, in evaluating the overall position of the Corporation, non-financial information such as the condition of the Corporation's capital assets will also need to be evaluated.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning and End of Year

### Reporting on the Corporation's Most Significant Fund

#### *Governmental Fund*

The presentation for the Corporation's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using the modified accrual of accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the Corporation's government constituents. The relationship (or difference) between governmental activities (reported on the Statement of Net Assets and the Statement of Activities) and the general fund is reconciled in the financial statements.

The table below provides a summary of Corporation's net assets for 2011 and 2010

<b>Net Assets</b>		
	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Cash	\$ 1,137,999	\$ 84,311
Prepaid Items	<u>155,000</u>	<u>4,798</u>
Total Assets	1,292,999	89,109
<b>LIABILITIES</b>		
Accounts Payable	16,485	-
Wages Payable	6,038	2,615
Compensated Absences Payable	3,356	1,453
Due to Other Governments	<u>5,819</u>	<u>102,894</u>
Total Liabilities	<u>31,698</u>	<u>106,962</u>
Total Net Assets	<u>\$ 1,261,301</u>	<u>\$ (17,853)</u>

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

Prepaid items consist of demolition services paid for the upcoming year based on an agreement between the City of Toledo and the Corporation.

Over time, net assets can serve as useful indicator of a government's financial position. At December 31, 2011, the Corporation's net assets were \$1,261,301 up from a deficit position of \$17,853 in 2010.

The table below shows the changes in net assets for the year ending December 31, 2011.

<b>Change in Net Assets</b>		
	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>REVENUES</b>		
General Revenues		
Intergovernmental	\$ 1,621,048	\$ -
Charges for Services	47,235	-
Interest	<u>1,055</u>	<u>-</u>
<i>Total General Revenues</i>	<u>1,669,338</u>	<u>-</u>
<b>PROGRAM EXPENSES</b>		
Professional and Contract Services	\$ 144,208	\$ -
Administration	<u>245,976</u>	<u>17,853</u>
<i>Total Program Expenses</i>	<u>390,184</u>	<u>17,853</u>
Change in Net Assets	1,279,154	(17,853)
Net Assets at Beginning of Period	<u>(17,853)</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 1,261,301</u>	<u>\$ (17,853)</u>

Since the Corporation was just formed at the end of 2010, there were no revenues. Revenues for 2011 consist primarily of 5% of delinquent taxes contributed by Lucas County to the Corporation for the purpose of land reutilization.

#### **The Corporation's Fund**

Information about the Corporation's governmental fund begins on page 9. This fund is accounted for using the modified accrual basis of accounting. The Corporation had governmental revenues of \$1,669,338 and expenditures of \$390,184.

#### **Budget**

There are no budgetary requirements for the Corporation identified in the Ohio Revised Code. Pursuant to Corporation's Board of Directors' policies, the Corporation prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a forecast of revenues and expenditures. The Corporation will from time to time adopt budget revisions as necessary and required by law.

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

Original and final budgeted revenues for the general fund were \$1,630,250 and the actual revenue was \$1,669,338. Actual expenditures were \$1,041,085 less than the final budget due to expectations to have more acquisitions, sales and demolitions in 2011. It is the first full year and the Corporation didn't get up to full operations as anticipated.

**Capital Assets**

As of December 31, 2011, the Corporation does not have any capital assets.

**Debt**

As of December 31, 2011, the Corporation does not have any debt.

**Current Financial Related Activities**

The Corporation began operations on August 31, 2010. The Corporation is Lucas County, Ohio's agent to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in Lucas County. The purpose of the Corporation is to strengthen neighborhoods in Lucas County by returning vacant and abandoned properties to productive use. By strategically acquiring properties, the Corporation works to reduce blight, promote economic development, increase property values, and thereby improve the quality of life of all Lucas County residents. The principal operating revenues of the Corporation in the future will be contributions from Lucas County's delinquent estate tax and assessment collection fund and revenue from property dispositions.

**Request for Information**

This financial report is designed to provide users of the financial statements with a general overview of the Corporation's finances and show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact David Mann, Executive Director, Lucas County Land Reutilization Corporation, One Government Center, Suite 500, Toledo, Ohio 43064.



LUCAS COUNTY LAND REUTILIZATION CORPORATION  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,137,999
Prepaid Items	<u>155,000</u>
Total Assets	<u>1,292,999</u>
<b>Liabilities</b>	
Accounts Payable	16,485
Wages Payable	6,038
Compensated Absences Payable	3,356
Due to Other Governments	<u>5,819</u>
Total Liabilities	<u>31,698</u>
<b>Net Assets</b>	
Unrestricted	<u>1,261,301</u>
Total Net Assets	<u><u>\$ 1,261,301</u></u>

*See Independent Auditors' Report  
and Accompanying Notes*

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Activities
<b>Expenses:</b>	
Land Reutilization	
Professional and Contract Services	\$ 144,208
Administation	245,976
	<hr/>
Total Program Expenses	390,184
	<hr/>
<b>General Revenue:</b>	
Intergovernmental	1,621,048
Charges for Services	47,235
Interest	1,055
	<hr/>
Total General Revenues	1,669,338
	<hr/>
Change in Net Assets	1,279,154
Net Assets at Beginning of Year	(17,853)
	<hr/>
Net Assets at End of Year	\$ 1,261,301
	<hr/> <hr/>

*See Independent Auditors' Report  
and Accompanying Notes*

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2011

	General Fund
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,137,999
Prepaid Items	155,000
	<hr/>
Total Assets	1,292,999
	<hr/> <hr/>
<b>Liabilities and Fund Balance</b>	
<i>Liabilities:</i>	
Accounts Payable	16,485
Wages Payable	6,038
Due to Other Governments	5,819
	<hr/>
Total Liabilities	28,342
<i>Fund Balance:</i>	
Unassigned	1,264,657
	<hr/>
Total Liabilities and Fund Balance	\$ 1,292,999
	<hr/> <hr/>

*See Independent Auditors' Report  
and Accompanying Notes*

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Total Governmental Fund Balances**

\$ 1,264,657

Amounts reported for governmental activities in the  
statement of net assets are different because:

Compensated absences payable is a contractually required  
benefit not expected to be paid with expendable  
available financial resources and therefore not  
reported in the funds.

(3,356)

**Net Assets of Governmental Activities**

\$ 1,261,301

See Independent Auditors' Report  
and Accompanying Notes

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>
<b>Revenues:</b>	
Intergovernmental	\$ 1,621,048
Charges for Services	47,235
Interest	<u>1,055</u>
Total Revenues	1,669,338
<b>Expenditures:</b>	
Professional and Contract Services	144,208
Administration	<u>244,073</u>
Total Expenditures	<u>388,281</u>
Excess of Revenues Over Expenditures	1,281,057
Fund Balances Beginning of Year	<u>(16,400)</u>
Fund Balances End of Year	<u><u>\$ 1,264,657</u></u>

*See Independent Auditors' Report  
and Accompanying Notes*

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$ 1,281,057</b>
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Amounts reports for governmental activities in the  
statement of activities are different because:

Some expenses in the statement of activities, such as vacation benefits payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(1,903)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 1,279,154</u></u>
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LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Lucas County Land Reutilization Corporation (the Corporation) is a county land reutilization corporation that was formed on August 31, 2010 when the Lucas County Board of Commissioners authorized the incorporation of the Corporation under Chapter 1724 of the Ohio Revised Code through resolution number 10-713 as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Corporation is to strengthen neighborhoods in Lucas County (the County) by returning vacant and abandoned properties to productive use. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

Pursuant to Section 1724.03 (B) of the Ohio Revised Code, the Board of Directors of the Corporation shall be composed of nine members including, (1) the County Treasurer, (2) at least two members of the County Board of Commissioners, (3) one member who is a representative of the largest municipal corporation, based on the population according to the most recent federal decennial census, that is located in the County, (4) one member who is a representative of a township with a population of at least ten thousand in the unincorporated area of the township according to the most recent federal decennial census, and (5) any remaining members selected by the County Treasurer and the County Commissioners who are members of the Corporation board. The term of office of each ex officio director runs concurrently with the term of office of that elected official. The term of office of each appointed director is two years.

The County is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement Number 14, as amended by GASB Statement Number 39, *The Financial Reporting Entity*, the County's primary government and basic financial statements include components units which are defined as legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of organization. The Corporation is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Corporation does not have any component units and does not include any organizations in its presentation. The Corporation's management believes these basic financial statements present all activities for which the Corporation is financially accountable.

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989 to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The Corporation's significant accounting policies are described below.

*Basis of Presentation*

The Corporation's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. These statements usually distinguish between those activities of the Corporation that are governmental and those that are business-type. The Corporation, however, does not have any business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the Corporation at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Corporation, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Corporation.

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain Corporation functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The Corporation's general fund is its only governmental fund.



LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

*Fund Accounting*

The Corporation uses fund accounting to segregate cash and investments that are restricted as to use. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement presentation purposes, the Corporation's fund is classified a governmental.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Corporation's only governmental fund:

**General Fund** The general fund accounts for all financial resources that are received from the County Treasurer from penalties collected on delinquent property taxes and interest on those delinquencies. The general fund balance is available to the Corporation for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Measurement Focus*

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Corporation are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Basis of Accounting*

Basis of accounting determines when transactions are recorded on the financial records and reported on the financial statements. Government-wide statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures. There are no differences for the Corporation between government-wide and fund financial statements.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Corporation, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the Corporation receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Corporation must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Corporation on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, interest and grants revenue sources are considered to be both measurable and available at year-end.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

*Budgetary Process*

The Corporation is not bound by the budgetary laws prescribed by the Ohio Revised Code for purely governmental entities. The Board of Directors of the Corporation adopts an annual budget prior to the beginning of the fiscal year. Appropriations and subsequent amendments are approved by the Board of Directors during the year as required. See supplemental information on page 20.

*Federal Income Tax*

The Corporation is exempt from federal income tax under Section 115(1) of the Internal Revenue Code.

*Cash and Cash Equivalents*

All monies received by the Corporation are deposited in a demand deposit account. The Corporation had no investments during the year or at the end of the year.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

*Prepaid Items*

Payments made to vendors for services that benefit future periods are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year which the services are consumed.

*Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences are reported as a liability in the fund financial statements only to the extent payments come due each period upon the occurrence of employee resignations and retirements.

*Compensated Absences*

The Corporation records accumulated unpaid vacation, overtime pay, and vested sick time benefits as accrued compensated absences payable when earned by employees.

*See Independent Auditors' Report*

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Ohio law requires that vacation time not be accumulated for more than three years. Normally, all vacation time is to be taken in the year available. Unused vacation is payable upon termination of employment. Unused sick may be accumulated until retirement. Employees with a minimum of ten years of service are paid one third of accumulated sick time upon retirement with a maximum of 40 days. In general, employees are eligible to be paid for unused compensatory time upon termination of employment. All sick, vacation and compensatory payments are made at the employees' current wage rates.

*Net Assets*

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation had no restricted net assets at December 31, 2011.

*Intergovernmental Revenue*

The Corporation receives operating income through Lucas County. This money represents the penalties and interest on current unpaid and delinquent property taxes once these taxes are paid. Pursuant to ORC 321.263, these penalty and interest monies are collected by the County when taxes are paid and then are paid to the Corporation upon the Corporation's written request.

*Estimates*

The preparation of the basic financial statements in conformity with GAAP requirements management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

*Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Administration and that are either unusual in nature or infrequent in occurrence. The Corporation had no extraordinary or special items during 2011.

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For 2011, the Corporation has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The implementation of this statement did not result in any change to the Corporation's financial statements.

*See Independent Auditors' Report*

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 4 - DEPOSITS**

At December 31, 2011, the carrying amount of the Corporation's deposits was \$1,137,999. Based on the criteria described in GASB Statement Number 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2011 \$250,000 and was covered by Federal Deposit Insurance Corporation (FDIC) and \$887,999 was uninsured and collateralized. Custodial credit risk is the risk that in the event of bank failure, that the Corporation's deposits may not be returned to it. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation. Protection of Corporation's cash and deposits is provided by the FDIC or collateralized by the financial institution.

**NOTE 5 - RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Corporation contracted with Brooks Insurance for various types of insurance as follows:

Type	Coverage
General Aggregate	\$2,000,000
Liability Property	2,000,000
Commercial General Liability	2,000,000
Personal Injury	2,000,000
Directors/Officers Liability	1,000,000
Employment Practices Liability	1,000,000

During 2011 the settled claims have not exceeded commercial coverage.

**NOTE 6 - TRANSACTIONS WITH LUCAS COUNTY**

Pursuant to and in accordance with Section 321.261 (B) of the Ohio Revised Code, the Corporation has been authorized by the Lucas County Board of Commissioners to receive 5% of all collections of delinquent real property, personal property, and manufactured and mobile home taxes that are deposited into the County's DETAC fund and will be available for appropriation by the Corporation to fund operations.

Prior to receiving their first settlement, the Corporation received a \$100,000 advance from the DETAC fund on November 17, 2010 to fund start-up operations which was repaid in April 2011.

Effective January 1, 2011, the Corporation entered into an agreement with the County Treasurer's office to lease office space and telecommunications, staff support, office supplies, and record storage provided by the Treasurer's office for \$1,000 per month, payable on an annual basis.

*See Independent Auditors' Report*

# Supplemental Information

## LUCAS COUNTY LAND REUTILIZATION CORPORATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
<b>Income</b>				
Intergovernmental	1,600,000	1,600,000	1,621,048	(21,048)
Charges for Services	26,500	26,500	47,235	(20,735)
Interest	3,750	3,750	1,055	2,695
Total Revenues	1,630,250	1,630,250	1,669,338	(39,088)
<b>Expenditures</b>				
Professional and Contract Services	210,000	210,000	32,723	177,277
Administration	1,102,259	1,102,259	238,051	864,208
Total Expenditures	1,312,259	1,312,259	270,774	1,041,485
Excess of Revenues Over	317,991	317,991	1,398,564	(1,080,573)
Fund Balance Beginning of Year	(16,400)	(16,400)	(16,400)	-
Fund Balance End of Year	301,591	301,591	1,382,164	(1,080,573)

See Accompanying Note

LUCAS COUNTY LAND REUTILIZATION CORPORATION  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Note 1 – Budgetary Basis of Accounting**

*Budgetary Process*

The budgetary process that is followed by the Corporation is for control purposes and is set forth in its Code of Regulations. At least thirty days prior to the end of each fiscal year, the President shall present to the Board of Directors the annual budget of the Corporation for the next succeeding fiscal year. The Board of Directors shall, at a regular or special meeting, conduct a public hearing on such budget and shall, at such meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the fiscal year to which such budget applies. On and after the commencement of a fiscal year, the annual budget adopted for such fiscal year may be amended or supplemented by the Board of Directors as circumstances warrant. No binding monetary obligation of the Corporation shall be entered into unless there exists at the time in the applicable budget line item an unencumbered balance in an amount no less than lesser of (a) the amount of the monetary obligation to be incurred without either the amendment or supplement of such budget and line item by the Board of Directors and (b) the amount of the monetary obligation that will be due and payable in the fiscal year in which the monetary obligation is incurred. Nothing in this budgetary process shall be construed as prohibiting the President from approving the transfer of an unencumbered balance from any line item, account, or fund to a line item, account, or fund with respect to which an insufficient unencumbered balance exists when it is in the best interests of the Corporation to enter into the binding monetary obligation. In the event that due to unforeseen circumstances the annual budget has not been adopted and is not ready for adoption by the last day of the fiscal year immediately preceding the year of which such budget is to be effective, the Board of Directors may adopt a temporary budget governing fiscal matters for the first three months of the new fiscal year.

*Budgetary Basis of Accounting*

While the Corporation is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are expenditures that are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$1,281,057
Net Adjustment for Expenditure Accruals	117,507
Budget Basis	<u>\$1,398,564</u>

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

STATE AUDITORS